



IFES Quarterly Report: January 1, 2005- March 31, 2005

BRAZIL: SUPPORT FOR ACTIVITY TO PROMOTE BROAD PUBLIC DISCUSSION ON POLITICAL REFORM

USAID Cooperative Agreement No. DGC-A-00-01-00004-00

Project Period: February 1, 2005 – May 31, 2005

Total Budget: \$15,000 Expenses Recorded to Date: \$0.00

Background

Since the end of military rule in 1985, Brazil has undertaken numerous political reforms on its path towards democratic consolidation. Elections have become increasingly free and fair as judged by international standards, and the 2002 election resulted in the ascendance of the main opposition party, the Worker's Party.

However, significant obstacles remain to the continued development of Brazilian democracy. These include, first and foremost, the issue of campaign finance:

- **Campaign Finance:** Brazil has some of the most expensive elections in the world. In 1994, Brazil spent between \$3.5 and \$4.5 billion on elections. By way of contrast, the US spent only \$3 billion in 1996. For the most part, the candidate that spends the most money wins the election.

To compound the problem, a large portion of the campaign funding comes from corporations. This poses an obvious conflict of interest problem in that corporations expect favors in return for their contributions. The current campaign finance laws are an obvious impediment to the democratic development of Brazil and an urgent reform is necessary to avoid corruption and further decay of the political finance system.

To address this, the Select Committee on Political Reform (established in 2003 to draft reforms) has proposed a bill that would distribute approximately \$2 per voter to political parties and would ban all private financing. The free media time that has already been granted to parties would remain in effect.

There are several major concerns with this bill, not the least of which is the mixed results that the distribution of free media time has yielded (including the propensity of small parties to cede their media time to larger parties in exchange for a legislative seat that they might not otherwise have won) as well as the creation of parties solely for bartering purposes. It is important that all of these issues be discussed and considered before any bill is passed.

The reform bills proposed by the Select Committee are expected to come before Congress in late 2004 or early 2005. It is vital that broad discussion be encouraged to examine which system would be most beneficial to Brazil before any legislation is passed.

Activities

During this quarter IFES has been in discussions with IRI to determine the date and composition of the conference. In addition, IFES is in the process of contracting the campaign finance experts who will travel to Brazil to present in the conference.

Activities Planned for Next Quarter

In the next quarter IFES plans to send two experts on campaign finance to Brasilia, Brazil to participate in the conference on Political Reform. The experts will provide their rich technical expertise on the subject of campaign finance. Discussion will include, *but* not be limited to, the following:

- Campaign finance mechanisms
- Public/private financing
- Enforcement of campaign finance laws

In addition, experts will dedicate several days in their home countries to drafting a detailed presentation, outline and recommendations that will subsequently be available for publishing after the conference.